



April 3, 2009

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Advanced Notice of Proposed Rulemaking Part 704

VIA e-mail: regcomments@ncua.gov.

Dear Ms. Rupp:

On behalf of the management and Board of KEMBA Financial Credit Union, I would like to comment on the Advance Notice of Proposed Rulemaking (ANPR) to 12 CFR Part 704.

KEMBA Financial is a federally insured, stated chartered, credit union located in Columbus, Ohio. We serve just over 52,000 members and have assets of five hundred and five million dollars. We presently are members of three corporate credit unions, WesCorp, CenCorp, and Corporate One Federal Credit Union. While we have investment relationships with WesCorp and CenCorp, our primary relationship is with Corporate One FCU.

We appreciate the opportunity to express our thoughts and views, as the NCUA considers the future and makes needed and necessary changes to protect all credit unions, but especially the natural person credit union and our members. It is quite unfortunate that current regulation and NCUA oversight have not been sufficient to prevent the troubled series of events that have unfolded since January 2009. Yet, it is critical, we believe, that NCUA not over reach or over respond as we move forward.

Simply stated, KEMBA Financial Credit Union, and we believe the vast majority of natural person credit unions, need corporate credit unions. Services such as image check processing, daily settlement, ATM surcharge free networks, lines of credit, check 21, and excess funds investment opportunities are all services offered by Corporate One FCU that produce direct and valuable benefits to our credit union.

Creating rules that would cause any of these services to be eliminated or priced in a fashion that is non competitive will only further harm the natural person credit union and our members.

Consolidation of the corporate credit unions may be necessary moving forward. However, in no event should Corporate One FCU be eliminated. This credit union has operated soundly. Even after NCUA's action to place US Central Credit Union into conservatorship, Corporate One FCU continues to have capital above the regulatory minimum and will not cause their membership a loss in the form of a capital investment write down. The same can not be said for many of the other corporate credit unions.

Corporate One's risk management model should be emulated in other corporate credit unions moving forward.

In essence, I encourage the NCUA staff and Board to look at what is working well and emulate that throughout the corporate credit union system. I humbly submit Corporate One FCU is working very well.

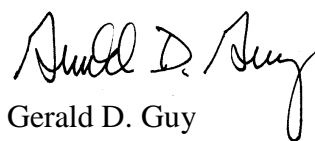
At the same time, I ask that what is not working well be eliminated. For example:

- Concentration of specific asset classes have been over concentrated and can easily be regulated to prevent this from occurring in the future. Investment diversification, by investment class, needs to be a requirement.
- Leverage for the sole purpose of generating additional income needs to be eliminated.
- Liquidity and cash reserve requirements needs to be greatly improved.
- Capital allocation models to ensure risk based capital adequacy need to be required moving forward.
- Require ongoing requalification for expanded investment authority. Advise the users of a corporate credit union how its management is using this investment authority.

While I think there is much '*after the fact*' knowledge and blame that can be shared amongst many, it is imperative to create forward looking solutions. I encourage the NCUA to call upon the regulated (the corporate credit union), as well as the users (the natural person credit unions) to form a task force to find the right solutions for tomorrow.

We appreciate the opportunity to share our concerns and comments.

Sincerely,
KEMBA Financial Credit Union, Inc.



Gerald D. Guy
President / CEO